

ID: CCA\_2009032715224237

Number: **200923041**

Office:

Release Date: 6/5/2009

UILC: 6221.00-00

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**From:**

**Sent:** Friday, March 27, 2009 3:22:43 PM

**To:**

**Cc:**

**Subject:** RE: Penalty question

Section 6221 requires that penalties that "relate to an adjustment" to partnership items must be determined at the partnership level. The penalty you refer is based on the failure to report a transaction and is not based on an adjustment to a partnership item. Thus, it does not appear to be subject to the TEFRA provisions.

( ) can answer your substantive questions.